

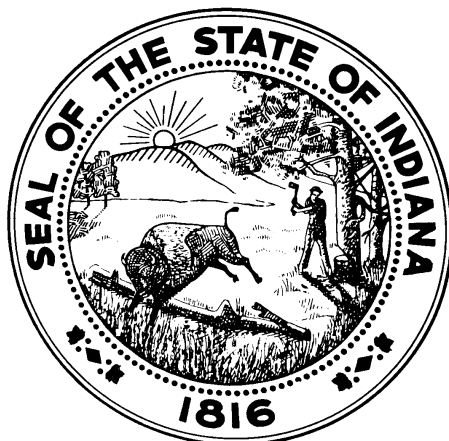
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2006

CITY OF JEFFERSONVILLE

CLARK COUNTY, INDIANA



FILED
12/11/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Peggy Wilder	01-01-04 to 12-31-07
Mayor	Robert L. Waiz, Jr.	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	Robert L. Waiz, Jr.	01-01-04 to 12-31-07
President of the Common Council	Barbara Wilson Keith Fetz	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Chairman of Sanitary Board	Robert L. Waiz, Jr.	01-01-04 to 12-31-07
Chairman of Drainage Board	Bruce Wright Grant Mortan	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Utility Office Manager	Kim Johnson Elisha Dale	01-01-06 to 06-18-07 06-18-07 to 12-31-07



STATE OF INDIANA

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF JEFFERSONVILLE, CLARK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jeffersonville (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note I, the financial statements referred to above do not include a number of component units of the City which should have been included to fairly present the financial position of the City.

In our opinion, except that the omission of the component units of the City referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated November 7, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress and Schedule of Contributions from the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 7, 2007



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF JEFFERSONVILLE, CLARK COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jeffersonville (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 7, 2007. The opinions to the financial statements were qualified due to the omission of a number of component units of the City which should have been included to fairly present the financial position of the City. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 7, 2007

CITY OF JEFFERSONVILLE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 8,567,209	\$ 3,583,300	\$ 202,839	\$ -	\$ (4,781,070)	\$ -	\$ (4,781,070)
Public safety	9,112,214	1,019,472	94,389	-	(7,998,353)	-	(7,998,353)
Highways and streets	2,199,546	4,815	1,756,296	-	(438,435)	-	(438,435)
Sanitation	941,795	36,944	151,081	-	(753,770)	-	(753,770)
Health and welfare	335,311	-	26,313	-	(308,998)	-	(308,998)
Culture and recreation	1,534,242	462,006	148,284	-	(923,952)	-	(923,952)
Urban redevelopment	1,074,919	11,785	425,061	-	(638,073)	-	(638,073)
Economic development	1,965,213	-	1,031,000	-	(934,213)	-	(934,213)
Debt service	12,877,061	-	-	-	(12,877,061)	-	(12,877,061)
Capital outlay	1,960,134	-	-	1,194,300	(765,834)	-	(765,834)
Total governmental activities	40,567,644	5,118,322	3,835,263	1,194,300	(30,419,759)	-	(30,419,759)
Business-type activities:							
Wastewater	9,502,827	7,991,198	-	-	-	(1,511,629)	(1,511,629)
Total primary government	<u>\$ 50,070,471</u>	<u>\$ 13,109,520</u>	<u>\$ 3,835,263</u>	<u>\$ 1,194,300</u>	<u>(30,419,759)</u>	<u>(1,511,629)</u>	<u>(31,931,388)</u>
General receipts:							
Property taxes					23,531,426	-	23,531,426
Other local sources					3,583,559	-	3,583,559
Interest earnings					174,734	502,438	677,172
Unrestricted intergovernmental receipts					1,549,053	-	1,549,053
Riverboat revenue sharing					172,184	-	172,184
Proceeds from the sale of assets					6,400	-	6,400
Insurance proceeds					1,293	-	1,293
Refunds					1,128	-	1,128
Other operating receipts					1,273,626	-	1,273,626
Total general receipts					30,293,403	502,438	30,795,841
Change in net assets					(126,356)	(1,009,191)	(1,135,547)
Net assets - beginning					10,584,762	12,056,851	22,641,613
Net assets - ending					<u>\$ 10,458,406</u>	<u>\$ 11,047,660</u>	<u>\$ 21,506,066</u>
<u>Assets</u>							
Cash and investments					\$ 120,463	\$ 2,860,467	\$ 2,980,930
Restricted assets:							
Cash and investments					10,337,943	8,187,193	18,525,136
Total assets					<u>\$ 10,458,406</u>	<u>\$ 11,047,660</u>	<u>\$ 21,506,066</u>
<u>Net Assets</u>							
Restricted for:							
Public safety					\$ 876,637	\$ -	\$ 876,637
Highways and streets					369,307	-	369,307
Sanitation					140,882	-	140,882
Health and welfare					1,021,417	-	1,021,417
Culture and recreation					231,129	-	231,129
Urban redevelopment					6,039,064	-	6,039,064
Economic development					779,016	-	779,016
Debt service					-	2,829,301	2,829,301
Capital outlay					880,491	5,357,892	6,238,383
Unrestricted					120,463	2,860,467	2,980,930
Total net assets					<u>\$ 10,458,406</u>	<u>\$ 11,047,660</u>	<u>\$ 21,506,066</u>

CITY OF JEFFERSONVILLE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Economic Development Income Tax	TIF 57, 61-ICR Allocation	TIF 62 Harbour Falls	City Hall Bond	Sanitation	Other Governmental Funds	Totals
Receipts:								
Taxes	\$ 18,203,425	\$ -	\$ 988,114	\$ 1,617,489	\$ -	\$ 1,335,815	\$ 4,970,142	\$ 27,114,985
Intergovernmental	1,549,053	2,058,942	5,115	-	-	151,081	2,740,581	6,504,772
Charges for services	1,051,497	-	-	-	-	36,944	863,439	1,951,880
Other	415,439	13,642	-	1,750	32,453	-	883,057	1,346,341
Total receipts	21,219,414	2,072,584	993,229	1,619,239	32,453	1,523,840	9,457,219	36,917,978
Disbursements:								
General government	5,663,317	271,767	-	-	-	-	28,131	5,963,215
Public safety	8,026,067	634,998	-	-	-	-	451,149	9,112,214
Highways and streets	-	-	-	-	-	-	2,199,546	2,199,546
Sanitation	-	-	-	-	-	941,795	-	941,795
Health and welfare	294,292	-	-	-	-	-	41,019	335,311
Culture and recreation	-	-	-	-	-	-	1,534,242	1,534,242
Economic development	99,174	1,838,792	-	-	-	-	27,247	1,965,213
Urban redevelopment and housing	-	-	98,709	12,512	-	-	963,698	1,074,919
Debt service:								
Principal	9,450,000	188,105	35,000	462,000	-	-	2,021,262	12,156,367
Interest	260,695	-	93,978	126,929	-	-	239,092	720,694
Capital outlay	-	-	-	-	1,960,134	-	-	1,960,134
Total disbursements	23,793,545	2,933,662	227,687	601,441	1,960,134	941,795	7,505,386	37,963,650
Excess (deficiency) of receipt over disbursements	(2,574,131)	(861,078)	765,542	1,017,798	(1,927,681)	582,045	1,951,833	(1,045,672)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	5,590	5,590
Transfers out	-	-	-	-	-	-	(5,590)	(5,590)
Other receipts	-	-	-	-	-	-	1,128	1,128
Total other financing sources (uses)	-	-	-	-	-	-	1,128	1,128
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,574,131)	(861,078)	765,542	1,017,798	(1,927,681)	582,045	1,952,961	(1,044,544)
Cash and investment fund balance - beginning	2,942,482	1,640,094	754,419	149,753	2,229,530	(441,163)	3,235,672	10,510,787
Cash and investment fund balance - ending	\$ 368,351	\$ 779,016	\$ 1,519,961	\$ 1,167,551	\$ 301,849	\$ 140,882	\$ 5,188,633	9,466,243
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.								
								992,163
Net assets of governmental activities								\$ 10,458,406
<u>Cash and Investment Assets - December 31</u>								
Cash and investments	\$ 368,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (247,888)	\$ 120,463
Restricted assets:								
Cash and investments	-	779,016	1,519,961	1,167,551	301,849	140,882	5,436,521	9,345,780
Total cash and investment assets - December 31	\$ 368,351	\$ 779,016	\$ 1,519,961	\$ 1,167,551	\$ 301,849	\$ 140,882	\$ 5,188,633	\$ 9,466,243
<u>Cash and Investment Fund Balance - December 31</u>								
Restricted for:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 876,637	\$ 876,637
Highway and streets	-	-	-	-	-	-	369,307	369,307
Sanitation	-	-	-	-	-	140,882	-	140,882
Health and welfare	-	-	-	-	-	-	29,254	29,254
Culture and recreation	-	-	-	-	-	-	231,129	231,129
Urban redevelopment	-	-	1,519,961	1,167,551	-	-	3,351,552	6,039,064
Economic development	-	779,016	-	-	-	-	-	779,016
Capital outlay	-	-	-	-	301,849	-	578,642	880,491
Unrestricted	368,351	-	-	-	-	-	(247,888)	120,463
Total cash and investment fund balance - December 31	\$ 368,351	\$ 779,016	\$ 1,519,961	\$ 1,167,551	\$ 301,849	\$ 140,882	\$ 5,188,633	\$ 9,466,243

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSONVILLE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2006

	Wastewater Utility	Internal Service Fund
Operating receipts:		
Charges for services:		
Employer contributions	\$ -	\$ 1,915,730
Employee contributions	-	1,250,712
Other	-	350,417
Flat rate receipts	1,041,169	-
Measured revenue:		
Residential	5,864,285	-
Penalties	102,694	-
Penalties - drainage	18,715	-
Other	964,335	-
	<u>7,991,198</u>	<u>3,516,859</u>
Total operating receipts		
	<u>7,991,198</u>	<u>3,516,859</u>
Operating disbursements:		
Insurance benefits	-	2,600,362
Other	-	3,632
Collection system - operations and maintenance	3,724,195	-
Drainage - operations and maintenance	667,762	-
Treatment and disposal disbursements - operations and maintenance	2,026,484	-
Customer accounts	862,368	-
Administration and general	1,218,203	-
	<u>8,499,012</u>	<u>2,603,994</u>
Total operating disbursements		
	<u>8,499,012</u>	<u>2,603,994</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(507,814)</u>	<u>912,865</u>
Nonoperating receipts (disbursements):		
Interest and investment receipts	502,438	5,323
Debt service of principal	(400,000)	-
Interest and investment disbursement	(603,815)	-
	<u>(501,377)</u>	<u>5,323</u>
Total nonoperating receipts (disbursements)		
	<u>(501,377)</u>	<u>5,323</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(1,009,191)	918,188
Cash and investment fund balance - beginning	<u>12,056,851</u>	<u>73,975</u>
Cash and investment fund balance - ending	<u>\$ 11,047,660</u>	<u>\$ 992,163</u>
<u>Cash and Investment Assets - December 31</u>		
Cash and investments	\$ 2,860,467	\$ -
Restricted assets:		
Cash and investments	<u>8,187,193</u>	<u>992,163</u>
Total cash and investment assets - December 31	<u>\$ 11,047,660</u>	<u>\$ 992,163</u>
<u>Cash and Investment Fund Balance - December 31</u>		
Restricted for:		
Debt service	\$ 2,829,301	\$ -
Health and welfare	-	992,163
Capital outlays	5,357,892	-
Unrestricted	<u>2,860,467</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 11,047,660</u>	<u>\$ 992,163</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSONVILLE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 5,033	\$ -
Taxes	1,230,807	-
State	1,449,599	-
Other	5,033	-
Total contributions	<u>2,690,472</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>660,331</u>
Total additions	<u>2,690,472</u>	<u>660,331</u>
Deductions:		
Benefits	2,045,100	-
Administrative and general	6,000	-
Other	5,513	-
Agency fund deductions	<u>-</u>	<u>619,820</u>
Total deductions	<u>2,056,613</u>	<u>619,820</u>
Excess of total additions over total deductions	633,859	40,511
Cash and investment fund balance - beginning	<u>513,359</u>	<u>225,086</u>
Cash and investment fund balance - ending	<u>\$ 1,147,218</u>	<u>\$ 265,597</u>

The notes to the financial statements are an integral part of this statement.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater, economic development and urban redevelopment.

These financial statements present the City (primary government).

Management has chosen to omit from these financial statements component units which have significant operational or financial relationships with the City. Accordingly, the financial statements do not include the data of all of the City's component units necessary to fairly present the financial position of the City.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The sanitation fund is used to account for the revenues and expenses for operating and maintaining sanitation functions of the City.

The economic development income tax fund is used to account for revenues and expenses relating to economic development projects that promote gainful employment of its citizens, attracts new business enterprise to the unit and retain or expand a significant business enterprise within the unit.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City Hall bond fund is used to account for the revenues and expenses relating to the renovation of the Quartermaster Station facility into the new City Hall building.

The TIF 57,61-ICR allocation fund is used to account for the revenues and expenses relating to the economic development or urban redevelopment of this TIF district.

The TIF 62 Harbour Falls fund is used to account for the revenues and expenses relating to the economic development or urban redevelopment of this TIF district.

The City reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

Additionally, the City reports the following fund types:

The internal service fund accounts for medical benefits provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for Clark County, the State of Indiana, various local law enforcement agencies, and the department of redevelopment and serve as control of accounts for certain cash transaction during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and Wastewater Utility. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2006, disbursements exceeded budgeted appropriations or were made without establishing statutory appropriations in the following funds below:

Fund	2006
Economic Development Income Tax	\$ 167,848
Law Enforcement Continuing Education	<u>41,318</u>
Total	<u>\$ 209,166</u>

The disbursements for the Economic Development Income Tax fund were funded by revenues collected in the form of income taxes. The disbursements for the Local Law Enforcement Continuing Education fund were funded by revenues receipted from fees charged for services.

C. Cash and Investment Balance Deficits

At December 31, 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006
Park and Recreation	\$ 302,660
Jeff Park and Ride	30,195
TIF 65 - Gateway	280,520
TIF 67 - Bethnova	35,674
Cumulative Capital Development	253,210
Sidewalk Renovation Nonreverting Trust	<u>5,411</u>
Total	<u>\$ 907,670</u>

Cash and investment deficits arose primarily from disbursements exceeding receipts due to a delay in distribution of taxes from Clark County to the City.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2006, were as follows:

Transfer From	Transfer To	2006
Redevelopment Grant Fund	Redevelopment Operating	\$ 5,590

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Restatements and Reclassifications

For the year ended December 31, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. New funds represent the inclusion of existing funds which were not presented in the prior report. Prior period adjustments represent a repayment of a loan to the Redevelopment Operating Fund from the Falls Landing TIF district that was placed in a separate depository and was not included in the prior report. Prior period adjustments also represent adjustments in cash change and petty cash funds.

Opinion Unit	Balance as Reported December 31, 2005	New Funds	Prior Period Adjustments	Balance as Restated January 1, 2006
Governmental funds	\$ 10,009,363	\$ 213,733	\$ 287,691	\$ 10,510,787
Agency funds	224,611	1,375	(900)	225,086

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$75,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payroll and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each fund's gross wages and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries

During 1990, the City joined the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers compensation claims. The City pays an annual premium to the risk pool for its workers compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Subsequent Events

In October 2006, the City of Jeffersonville entered into a lease agreement with the Jeffersonville Building Authority for the purpose of paying for expenditures that pertain to the City Hall building. The lease agreement is for a one year period beginning January 1, 2007, and ending December 31, 2007. The lease agreement may be renewed for three additional five year terms by mutual agreement of the parties involved. The terms of the lease are for the City of Jeffersonville to pay \$70,000 biannually into a nonreverting fund with the Clerk-Treasurer of the City of Jeffersonville.

In December 2006, the City of Jeffersonville entered into three lease agreements with the Jeffersonville Building Corporation for the construction and equipping of two fire stations and a city services facility. The total of the three lease agreements is \$10,805,000 with the first payments due August 1, 2008. Payments are to be made from tax increment revenues collected in the areas and to the extent these are not sufficient, ad valorem property taxes will be used.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

In July 2007, the City of Jeffersonville, acting through the Board of Public Works and Safety, approved a bid from Pierce Manufacturing, Inc., in the amount of \$914,600 with additional equipment costing \$150,000 for the purchase of two new fire trucks.

In October 2007, the City Council of Jeffersonville authorized the Clerk-Treasurer to borrow \$4.3 million in tax anticipation warrants due to the lack of property tax revenues in 2007.

C. Contingent Liabilities

The City of Jeffersonville has five cases in various stages of litigation. Three of the cases have a maximum potential loss to the City of approximately \$700,000. Two of the cases have been turned over to the City's insurance provider and are still pending.

D. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining age 55 with at least 20 years of service and the last 10 years of service are completed immediately preceding the retirement date. A retiree may continue in the City's self-insurance plan until the retiree reaches eligibility age under the federal Medicare program in which the City's insurance plan will automatically terminate. Currently, 22 retirees meet these eligibility requirements. The City and retirees provide 70% and 30%, respectively, for family coverage and 77% and 23%, respectively, for single coverage of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

E. Wastewater Management Agreement

The City of Jeffersonville has entered into an agreement with Environmental Management Corporation (EMC) to manage and operate the City's wastewater plant and its collection system. The agreement, dated April 25, 2004, with subsequent amendments, expires April 30, 2010. The terms of the agreement indicate that compensation is adjusted May 1 of each year of the contract term. Compensation paid by the Utility in 2006 was \$1,599,417.

F. Property Leases

The City leased riverfront property to Kingfish Restaurant in 1998. The terms of the lease require rental payments in the amount of \$30,000 annually, over a 10 year period, plus 1.5% of tenant's gross sales in excess of three million dollars. At the end of the ten year period, the property may be purchased from the City for \$100,000.

The City has entered a lease agreement with Community Action of Southern Indiana, Inc. The terms of the lease call for the City to receive annual rent of \$180,000 for a period of 10 years beginning January 2002. The City retains ownership of the property at the end of the rental agreement.

G. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the City Council on December 6, 2004.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utility is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	PERF Park	PERF Civil City	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 28,384	\$ 164,947	\$ 926,600	\$ 1,226,200
Interest on net pension obligation	(1,198)	(10,396)	391,500	532,500
Adjustment to annual required contribution	1,365	11,847	(426,800)	(580,500)
Annual pension cost	28,551	166,398	891,300	1,178,200
Contributions made	20,138	169,725	543,003	482,139
Increase (decrease) in net pension obligation	8,413	(3,327)	348,297	696,061
Net pension obligation, beginning of year	(16,524)	(143,387)	5,799,900	7,888,689
Net pension obligation, end of year	<u>\$ (8,111)</u>	<u>\$ (146,714)</u>	<u>\$ 6,148,197</u>	<u>\$ 8,584,750</u>

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF Park	PERF Civil City	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:				
City	4.75%	5%	1,059%	350%
Plan members	3%	3%	6%	6%
Actuarial valuation date	07-01-06	07-01-06	01-01-06	01-01-06
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level	Level	Level	Level
	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed	percentage of projected payroll, closed
Amortization period	40 years	40 years	30 years	30 years
Amortization period (from date)	07-01-97	07-01-97	12-31-77	12-31-77
Asset valuation method	75% of expected actuarial value plus 25% of market value	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	7.25%	6%	6%
Projected future salary increases:				
Total	5%	5%	4%	4%
Attributed to inflation	4%	4%	4%	4%
Attributed to merit/seniority	1%	1%	0%	0%
Cost-of-living adjustments	2%	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF Park	06-30-04	\$ 12,076	164%	\$ (13,093)
	06-30-05	15,383	122%	(16,524)
	06-30-06	28,551	131%	(8,111)
PERF Civil City	06-30-04	129,062	105%	(106,008)
	06-30-05	117,537	132%	(143,387)
	06-30-06	166,398	144%	(146,714)

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1925 Police Officers' Pension Plan	12-31-03	\$ 1,298,000	46%	\$ 5,046,789
	12-31-04	1,267,300	41%	5,799,900
	12-31-05	891,300	61%	6,148,197
1937 Firefighters' Pension Plan	12-31-03	1,620,400	42%	6,712,111
	12-31-04	1,621,600	27%	7,888,689
	12-31-05	1,178,200	41%	8,584,750

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits		
Terminated employees entitled to but not yet receiving benefits	31	37
Current active employees	-	2

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF JEFFERSONVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$939,672, \$885,539, and \$853,258, respectively, equal to the required contributions for each year.

CITY OF JEFFERSONVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund (Civil City)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 2,449,699	\$ 2,325,758	\$ 123,941	105%	\$ 2,785,959	4%
07-01-05	2,575,118	2,772,808	(197,690)	93%	3,082,868	(6%)
07-01-06	3,165,290	2,955,651	209,639	107%	3,213,114	7%

Public Employees' Retirement Fund (Park)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 361,235	\$ 372,142	\$ (10,907)	97%	\$ 328,478	(3%)
07-01-05	376,060	495,143	(119,083)	76%	408,868	(29%)
07-01-06	441,118	526,526	(85,408)	84%	423,493	(20%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 8,430	\$ 13,086,200	\$ (13,077,770)	0%	\$ 185,100	(7,065%)
01-01-02	(11,425)	13,273,000	(13,284,425)	0%	191,600	(6,933%)
01-01-03	530,439	13,253,000	(12,722,561)	4%	238,000	(5,346%)
01-01-04	453,237	13,059,400	(12,606,163)	3%	123,800	(10,183%)
01-01-05	182,177	12,239,800	(12,057,623)	1%	85,000	(14,185%)
01-01-06	35,499	12,612,200	(12,576,701)	0%	87,500	(14,373%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 609,136	\$ 17,123,700	\$ (16,514,564)	4%	\$ 370,300	(4,460%)
01-01-02	623,691	17,080,200	(16,456,509)	4%	383,200	(4,294%)
01-01-03	1,105,152	15,422,900	(14,317,748)	7%	476,000	(3,008%)
01-01-04	943,388	16,438,400	(15,495,012)	6%	330,100	(4,694%)
01-01-05	592,776	16,190,700	(15,597,924)	4%	339,900	(4,589%)
01-01-06	477,860	15,939,200	(15,461,340)	3%	350,100	(4,416%)

CITY OF JEFFERSONVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CONTRIBUTIONS FROM THE
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed City
1925 Police Officers' Pension Plan	12-31-00	\$ 1,315,400	42%
	12-31-01	1,361,700	45%
	12-31-02	1,431,900	79%
	12-31-03	1,493,800	40%
	12-31-04	1,521,700	34%
	12-31-05	926,600	59%
1937 Firefighters' Pension Plan	12-31-00	1,796,700	41%
	12-31-01	1,813,600	42%
	12-31-02	1,874,600	70%
	12-31-03	1,881,000	37%
	12-31-04	1,960,000	23%
	12-31-05	1,226,200	39%

Note: Information was not available for the percentage of ARC contributed by the State of Indiana.

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Motor Vehicle Highway	Local Road and Street	Street Department Nonreverting	Park and Recreation	INDOT and Jeff City	Fire Department Nonreverting
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 1,631,137	\$ -	\$ -
Intergovernmental	840,821	573,361	-	148,284	132,500	-
Charges for services	4,815	-	-	923	-	-
Other	7,693	-	-	-	-	13,125
Total receipts	853,329	573,361	-	1,780,344	132,500	13,125
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	21,126
Highways and streets	900,011	1,088,687	-	-	162,933	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	1,065,124	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	800,000	-	-
Interest	-	-	-	131,498	-	-
Total disbursements	900,011	1,088,687	-	1,996,622	162,933	21,126
Excess (deficiency) of receipts over disbursements	(46,682)	(515,326)	-	(216,278)	(30,433)	(8,001)
Other financing sources (uses):						
Refunds	1,128	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	1,128	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(45,554)	(515,326)	-	(216,278)	(30,433)	(8,001)
Cash and investment fund balance - beginning	237,063	684,958	3,631	(86,382)	34,968	9,809
Cash and investment fund balance - ending	\$ 191,509	\$ 169,632	\$ 3,631	\$ (302,660)	\$ 4,535	\$ 1,808
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ (302,660)	\$ -	\$ -
Restricted assets:						
Cash and investments	191,509	169,632	3,631	-	4,535	1,808
Total cash and investment assets - December 31	\$ 191,509	\$ 169,632	\$ 3,631	\$ (302,660)	\$ 4,535	\$ 1,808
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,808
Highways and streets	191,509	169,632	3,631	-	4,535	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	(302,660)	-	-
Total cash and investment fund balance - December 31	\$ 191,509	\$ 169,632	\$ 3,631	\$ (302,660)	\$ 4,535	\$ 1,808

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Animal Shelter Spay/Neuter Program	Animal Shelter Building and Capital Improvement	Mayor's Nonreverting	P & R Board Nonreverting Aquatic	Riverfront Park Nonreverting	Park Special Nonreverting
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	26,313	-	-	-	-	-
Charges for services	-	-	-	111,290	-	349,793
Other	-	-	-	-	35,075	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,075</u>	<u>-</u>
Total receipts	<u>26,313</u>	<u>-</u>	<u>-</u>	<u>111,290</u>	<u>35,075</u>	<u>349,793</u>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	13,535	-	-	-	-	-
Culture and recreation	-	-	-	3,082	34,041	431,995
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>13,535</u>	<u>-</u>	<u>-</u>	<u>3,082</u>	<u>34,041</u>	<u>431,995</u>
Excess (deficiency) of receipts over disbursements	<u>12,778</u>	<u>-</u>	<u>-</u>	<u>108,208</u>	<u>1,034</u>	<u>(82,202)</u>
Other financing sources (uses):						
Refunds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>12,778</u>	<u>-</u>	<u>-</u>	<u>108,208</u>	<u>1,034</u>	<u>(82,202)</u>
Cash and investment fund balance - beginning	<u>16,476</u>	<u>181</u>	<u>52</u>	<u>-</u>	<u>28,655</u>	<u>174,747</u>
Cash and investment fund balance - ending	<u>\$ 29,254</u>	<u>\$ 181</u>	<u>\$ 52</u>	<u>\$ 108,208</u>	<u>\$ 29,689</u>	<u>\$ 92,545</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ 52	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>29,254</u>	<u>181</u>	<u>-</u>	<u>108,208</u>	<u>29,689</u>	<u>92,545</u>
Total cash and investment assets - December 31	<u>\$ 29,254</u>	<u>\$ 181</u>	<u>\$ 52</u>	<u>\$ 108,208</u>	<u>\$ 29,689</u>	<u>\$ 92,545</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	29,254	-	-	-	-	-
Culture and recreation	-	-	-	108,208	29,689	92,545
Urban redevelopment	-	-	-	-	-	-
Capital outlay	-	181	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 29,254</u>	<u>\$ 181</u>	<u>\$ 52</u>	<u>\$ 108,208</u>	<u>\$ 29,689</u>	<u>\$ 92,545</u>

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	City Engineer Nonreverting	Cops Grants Salaries	Share of Gaming Revenue	Major Moves	Building Demolition Nonreverting	CFF Grant Greenwood
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	172,184	187,726	20,000	27,247
Charges for services	-	30,000	-	-	-	-
Other	1,523	-	-	-	-	-
Total receipts	1,523	30,000	172,184	187,726	20,000	27,247
Disbursements:						
General government	5,855	-	-	-	4,343	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	27,247
Urban redevelopment and housing	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	5,855	-	-	-	4,343	27,247
Excess (deficiency) of receipts over disbursements	(4,332)	30,000	172,184	187,726	15,657	-
Other financing sources (uses):						
Refunds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,332)	30,000	172,184	187,726	15,657	-
Cash and investment fund balance - beginning	41,244	568,408	345,250	-	23,854	-
Cash and investment fund balance - ending	\$ 36,912	\$ 598,408	\$ 517,434	\$ 187,726	\$ 39,511	\$ -
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 36,912	\$ -	\$ 517,434	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	598,408	-	187,726	39,511	-
Total cash and investment assets - December 31	\$ 36,912	\$ 598,408	\$ 517,434	\$ 187,726	\$ 39,511	\$ -
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ 598,408	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Capital outlay	-	-	-	187,726	39,511	-
Unrestricted	36,912	-	517,434	-	-	-
Total cash and investment fund balance - December 31	\$ 36,912	\$ 598,408	\$ 517,434	\$ 187,726	\$ 39,511	\$ -

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Grant City Court	Clerk's Record Perpetuation	Jeff Park and Ride	Donations	Probation User Fee	City Court Nonreverting
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	21,888	-	-	-
Charges for services	-	1,412	-	-	153,920	59,323
Other	-	-	-	48,800	-	-
Total receipts	-	1,412	21,888	48,800	153,920	59,323
Disbursements:						
General government	-	-	-	17,000	-	-
Public safety	1,331	7,146	-	-	182,662	28,810
Highways and streets	-	-	32,253	-	-	-
Health and welfare	-	-	-	27,484	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	1,331	7,146	32,253	44,484	182,662	28,810
Excess (deficiency) of receipts over disbursements	(1,331)	(5,734)	(10,365)	4,316	(28,742)	30,513
Other financing sources (uses):						
Refunds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,331)	(5,734)	(10,365)	4,316	(28,742)	30,513
Cash and investment fund balance - beginning	1,331	6,224	(19,830)	37,042	258,223	1,560
Cash and investment fund balance - ending	\$ -	\$ 490	\$ (30,195)	\$ 41,358	\$ 229,481	\$ 32,073
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ 490	\$ (30,195)	\$ 41,358	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	229,481	32,073
Total cash and investment assets - December 31	\$ -	\$ 490	\$ (30,195)	\$ 41,358	\$ 229,481	\$ 32,073
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 229,481	\$ 32,073
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	490	(30,195)	41,358	-	-
Total cash and investment fund balance - December 31	\$ -	\$ 490	\$ (30,195)	\$ 41,358	\$ 229,481	\$ 32,073

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Nonreverting Floating Stage	Tax Increment Financing	TIF 63 Vogt Valve	TIF 64 Galvstar	TIF 65 Gateway	TIF 66 Keystone
Receipts:						
Taxes	\$ -	\$ 551,075	\$ 550,915	\$ 296,087	\$ 25,760	\$ 205,664
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	551,075	550,915	296,087	25,760	205,664
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	75,000	2,289	-
Debt Service:						
Principal	-	-	203,139	185,000	-	201,227
Interest	-	-	46,861	12,725	-	8,773
Total disbursements	-	-	250,000	272,725	2,289	210,000
Excess (deficiency) of receipts over disbursements	-	551,075	300,915	23,362	23,471	(4,336)
Other financing sources (uses):						
Refunds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	551,075	300,915	23,362	23,471	(4,336)
Cash and investment fund balance - beginning	687	446,765	4,830	2,577	(303,991)	5,063
Cash and investment fund balance - ending	<u>\$ 687</u>	<u>\$ 997,840</u>	<u>\$ 305,745</u>	<u>\$ 25,939</u>	<u>\$ (280,520)</u>	<u>\$ 727</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (280,520)	\$ -
Restricted assets:						
Cash and investments	687	997,840	305,745	25,939	-	727
Total cash and investment assets - December 31	<u>\$ 687</u>	<u>\$ 997,840</u>	<u>\$ 305,745</u>	<u>\$ 25,939</u>	<u>\$ (280,520)</u>	<u>\$ 727</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	687	-	-	-	-	-
Urban redevelopment	-	997,840	305,745	25,939	-	727
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	(280,520)	-
Total cash and investment fund balance - December 31	<u>\$ 687</u>	<u>\$ 997,840</u>	<u>\$ 305,745</u>	<u>\$ 25,939</u>	<u>\$ (280,520)</u>	<u>\$ 727</u>

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	TIF 67 Bethnova	TIF 57 61-ICR Redevelopment Capital	Sprint Lease Nonreverting	Department of Law Nonreverting	Cumulative Capital Improvement	Police SWAT Nonreverting
Receipts:						
Taxes	\$ 67,400	\$ 1,200,942	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	97,751	51,200
Charges for services	-	-	-	-	-	-
Other	-	-	12,800	-	-	-
Total receipts	67,400	1,200,942	12,800	-	97,751	51,200
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	1,763	-	51,191
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	31,281	-	-	-	-
Debt Service:						
Principal	96,352	400,000	-	-	-	-
Interest	10,973	-	-	-	-	-
Total disbursements	107,325	431,281	-	1,763	-	51,191
Excess (deficiency) of receipts over disbursements	(39,925)	769,661	12,800	(1,763)	97,751	9
Other financing sources (uses):						
Refunds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(39,925)	769,661	12,800	(1,763)	97,751	9
Cash and investment fund balance - beginning	4,251	(71,885)	46,669	3,448	253,473	-
Cash and investment fund balance - ending	<u>\$ (35,674)</u>	<u>\$ 697,776</u>	<u>\$ 59,469</u>	<u>\$ 1,685</u>	<u>\$ 351,224</u>	<u>\$ 9</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ (35,674)	\$ -	\$ 59,469	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	697,776	-	1,685	351,224	9
Total cash and investment assets - December 31	<u>\$ (35,674)</u>	<u>\$ 697,776</u>	<u>\$ 59,469</u>	<u>\$ 1,685</u>	<u>\$ 351,224</u>	<u>\$ 9</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ 1,685	\$ -	\$ 9
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	697,776	-	-	-	-
Capital outlay	-	-	-	-	351,224	-
Unrestricted	(35,674)	-	59,469	-	-	-
Total cash and investment fund balance - December 31	<u>\$ (35,674)</u>	<u>\$ 697,776</u>	<u>\$ 59,469</u>	<u>\$ 1,685</u>	<u>\$ 351,224</u>	<u>\$ 9</u>

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Police Automobile Nonreverting	Cumulative Capital Development	Sidewalk Renovation Nonreverting	Law Enforcement Continuing Education	Tree Planting Nonreverting	CASI
Receipts:						
Taxes	\$ -	\$ 441,162	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	43,492	-	-	-	-
Charges for services	97,704	-	-	42,474	-	-
Other	-	67,926	5,328	-	-	120,000
Total receipts	97,704	552,580	5,328	42,474	-	120,000
Disbursements:						
General government	-	-	-	-	933	-
Public safety	109,284	6,518	-	41,318	-	-
Highways and streets	-	-	15,662	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt Service:						
Principal	-	62,219	-	-	-	73,325
Interest	-	6,724	-	-	-	21,538
Total disbursements	109,284	75,461	15,662	41,318	933	94,863
Excess (deficiency) of receipts over disbursements	(11,580)	477,119	(10,334)	1,156	(933)	25,137
Other financing sources (uses):						
Refunds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,580)	477,119	(10,334)	1,156	(933)	25,137
Cash and investment fund balance - beginning	13,978	(730,329)	4,923	9,619	5,000	157,517
Cash and investment fund balance - ending	\$ 2,398	\$ (253,210)	\$ (5,411)	\$ 10,775	\$ 4,067	\$ 182,654
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ (253,210)	\$ (5,411)	\$ -	\$ 4,067	\$ -
Restricted assets:						
Cash and investments	2,398	-	-	10,775	-	182,654
Total cash and investment assets - December 31	\$ 2,398	\$ (253,210)	\$ (5,411)	\$ 10,775	\$ 4,067	\$ 182,654
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Public safety	\$ 2,398	\$ -	\$ -	\$ 10,775	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	182,654
Capital outlay	-	-	-	-	-	-
Unrestricted	-	(253,210)	(5,411)	-	4,067	-
Total cash and investment fund balance - December 31	\$ 2,398	\$ (253,210)	\$ (5,411)	\$ 10,775	\$ 4,067	\$ 182,654

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Redevelopment Grant Fund	Redevelopment Revolving Loan	Redevelopment Operating	Ken Ellis Building	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,970,142
Intergovernmental	397,814	-	-	-	2,740,581
Charges for services	-	-	11,785	-	863,439
Other	180,630	47,775	338,008	4,374	883,057
Total receipts	578,444	47,775	349,793	4,374	9,457,219
Disbursements:					
General government	-	-	-	-	28,131
Public safety	-	-	-	-	451,149
Highways and streets	-	-	-	-	2,199,546
Health and welfare	-	-	-	-	41,019
Culture and recreation	-	-	-	-	1,534,242
Economic development	-	-	-	-	27,247
Urban redevelopment and housing	696,693	40,000	118,435	-	963,698
Debt Service:					
Principal	-	-	-	-	2,021,262
Interest	-	-	-	-	239,092
Total disbursements	696,693	40,000	118,435	-	7,505,386
Excess (deficiency) of receipts over disbursements	(118,249)	7,775	231,358	4,374	1,951,833
Other financing sources (uses):					
Refunds	-	-	-	-	1,128
Transfers in	-	-	5,590	-	5,590
Transfers out	(5,590)	-	-	-	(5,590)
Total other financing sources (uses)	(5,590)	-	5,590	-	1,128
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(123,839)	7,775	236,948	4,374	1,952,961
Cash and investment fund balance - beginning	148,349	174,993	478,538	213,733	3,235,672
Cash and investment fund balance - ending	\$ 24,510	\$ 182,768	\$ 715,486	\$ 218,107	\$ 5,188,633
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (247,888)
Restricted assets:					
Cash and investments	24,510	182,768	715,486	218,107	5,436,521
Total cash and investment assets - December 31	\$ 24,510	\$ 182,768	\$ 715,486	\$ 218,107	\$ 5,188,633
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 876,637
Highways and streets	-	-	-	-	369,307
Health and welfare	-	-	-	-	29,254
Culture and recreation	-	-	-	-	231,129
Urban redevelopment	24,510	182,768	715,486	218,107	3,351,552
Capital outlay	-	-	-	-	578,642
Unrestricted	-	-	-	-	(247,888)
Total cash and investment fund balance - December 31	\$ 24,510	\$ 182,768	\$ 715,486	\$ 218,107	\$ 5,188,633

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

	Fire Pension	Police Pension	Totals
Additions:			
Contributions:			
Employer	\$ 3,501	\$ 1,532	\$ 5,033
Taxes	653,936	576,871	1,230,807
State	788,868	660,731	1,449,599
Other	<u>3,501</u>	<u>1,532</u>	<u>5,033</u>
Total contributions	<u>1,449,806</u>	<u>1,240,666</u>	<u>2,690,472</u>
Deductions:			
Benefits	1,162,217	882,883	2,045,100
Administrative and general	3,000	3,000	6,000
Other	<u>521</u>	<u>4,992</u>	<u>5,513</u>
Total deductions	<u>1,165,738</u>	<u>890,875</u>	<u>2,056,613</u>
Excess of total additions over total deductions	284,068	349,791	633,859
Cash and investment fund balance - beginning	<u>477,860</u>	<u>35,499</u>	<u>513,359</u>
Cash and investment fund balance - ending	<u><u>\$ 761,928</u></u>	<u><u>\$ 385,290</u></u>	<u><u>\$ 1,147,218</u></u>

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2006

	Court Cost Due County	User Fees	City Court	Redevelopment Payroll	Parks Imprest Cash	City Court Imprest Cash
Additions:						
Agency fund additions	\$ 15,626	\$ 2,085	\$ 516,300	\$ 126,320	\$ -	\$ -
Deductions:						
Agency fund deductions	-	3	493,114	126,703	-	-
Excess (deficiency) of total additions over total deductions	15,626	2,082	23,186	(383)	-	-
Cash and investment fund balance - beginning	89,768	24,411	108,999	383	150	200
Cash and investment fund balance - ending	<u>\$ 105,394</u>	<u>\$ 26,493</u>	<u>\$ 132,185</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 200</u>

CITY OF JEFFERSONVILLE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Street Department Imprest Cash	Building Commission Imprest Cash	Animal Shelter Imprest Cash	Parks Fieldhouse Imprest Cash	Police Department Imprest Cash	Totals
Additions:						
Agency fund additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660,331
Deductions:						
Agency fund deductions	-	-	-	-	-	619,820
Excess (deficiency) of total additions over total deductions	-	-	-	-	-	40,511
Cash and investment fund balance - beginning	495	400	200	60	20	225,086
Cash and investment fund balance - ending	<u>\$ 495</u>	<u>\$ 400</u>	<u>\$ 200</u>	<u>\$ 60</u>	<u>\$ 20</u>	<u>\$ 265,597</u>

CITY OF JEFFERSONVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 4,779,671
Infrastructure	4,308,173
Buildings	9,004,006
Improvements other than buildings	2,642,484
Machinery and equipment	5,306,265
Construction in progress	<u>6,650,929</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 32,691,528</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	876,703
Land - Drainage	11,000
Infrastructure	1,546,820
Infrastructure - Drainage	2,000,117
Construction in progress	3,504,752
Construction in progress - Drainage	509,253
Buildings	18,417,707
Improvements other than buildings	20,744,624
Machinery and equipment	995,376
Machinery and equipment - Drainage	<u>204,534</u>
Total Wastewater Utility capital assets	<u>48,810,886</u>
Total business-type activities capital assets	<u>\$ 48,810,886</u>

CITY OF JEFFERSONVILLE
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2006

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
1997 Fire Truck	\$ 68,009	\$ 68,943
2002 Fire Truck	62,380	-
2005 Garbage Trucks (2)	170,549	52,252
Galvpro - Redevelopment Authority	1,140,000	161,000
Riverside Landing - Redevelopment Authority	2,944,779	221,500
Aquatic Center - Redevelopment Authority	3,755,000	338,364
Sound and Light Equipment - Riverstage	173,745	38,540
Notes and loans payable:		
Redevelopment Loan - CASI	459,784	43,135
Redevelopment Loan - Koetter	183,936	-
Redevelopment Loan - Mullis Project	372,963	252,466
2000 Tax Increment Revenue Loan - Bethnova	102,677	155,433
State Infrastructure Bank Program Loan	2,457,500	-
Bonds payable:		
Revenue bonds:		
2003 Capital Development Tourism Bonds	243,785	42,762
2005 Tax Increment Revenue Bonds - Series A - City Hall	2,870,000	368,987
2005 Tax Increment Revenue Bonds - Series B - MedVenture	<u>3,525,613</u>	<u>-</u>
Total governmental activities debt	<u>\$ 18,530,720</u>	<u>\$ 1,743,382</u>
Business-type Activities:		
Wastewater Utility		
Notes and Loans Payable:		
1999 State Revolving Loan	2,664,908	218,189
Revenue bonds:		
1998 Wastewater improvement revenue bonds	4,560,000	488,625
2003 Drainage improvement revenue bonds	2,995,000	248,172
2004 Wastewater refunding revenue bonds	3,355,000	719,325
2005 Sewage works revenue bonds	<u>6,375,000</u>	<u>267,624</u>
Total business-type activities debt:	<u>\$ 19,949,908</u>	<u>\$ 1,941,935</u>

CITY OF JEFFERSONVILLE
OTHER REPORT

The report presented herein was prepared in addition to the official report prepared for the individual City office listed below:

Park and Recreation Department

CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS (Applies to Clerk-Treasurer)

Depository reconciliations of the City's payroll accounts and Wastewater Utility accounts to the fund balances were not prepared monthly as mandated by state statute.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

OVERDRAWN FUND BALANCES (Applies to Clerk-Treasurer,
Common Council and Redevelopment Commission)

The following funds have overdrawn fund balances as of December 31, 2006, by the amounts shown below:

Fund	Amount
Park and Recreation	\$ 302,660
Jeff Park and Ride	30,195
TIF 65 - Gateway	280,520
TIF 67 - Bethnova	35,674
Cumulative Capital Development	253,210
Sidewalk Renovation Nonreverting	5,411
Total	<u>\$ 907,670</u>

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FAILURE TO APPROPRIATE LOCAL LAW ENFORCEMENT CONTINUING
EDUCATION FUND (Applies to Clerk-Treasurer and Council)

The City disbursed \$41,318 from the Local Law Enforcement Continuing Education Fund without having appropriated the funds.

Indiana Code 36-4-8-2 stated in part:

"Money may be paid out of the city treasury only on warrant of the city fiscal officer. Unless a statute provides otherwise, the fiscal officer may draw a warrant against a fund of the city only if:

- (1) an appropriation has been made for that purpose and the appropriation is not exhausted;
..."

CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

APPROPRIATIONS FOR EDIT FUND (Applies to Council)

The records presented for audit indicated the City had \$167,848 in expenditures in excess of budgeted appropriations for the EDIT fund.

Indiana Code 36-4-8-2 states in part:

"Money may be paid out of the city treasury only on warrant of the city fiscal officer. Unless a statute provides otherwise, the fiscal officer may draw a warrant against a fund of the city only if: (1) an appropriation has been made for that purpose and the appropriation is not exhausted."

RECEIPT ISSUANCE (Applies to Animal Shelter)

The Animal Shelter hosts a golf scramble each year to raise money for the benefit of their spay/neuter program. Team and hole sponsors are required to pay \$400 and \$100, respectively, to participate in the golf scramble. Receipts are not being issued to the team or hole sponsor upon payment.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS OVER ADJUSTMENTS (Applies to Wastewater Utility)

Currently, a customer can have their utility bill adjusted for the filling of pools, new home construction or new sod/seed watering. The adjustment is based on an average of three prior months' billings. Through testing, we determined that some customer's accounts were credited more than the amount that should have been allowed. No formal adjustment policy was presented for audit. Adjustment documentation (form) is completed by the customer. Once completed, the utility clerk signs the form and adjusts the account. At no time are adjustments reviewed by a controlling officer or provided to the Board for approval.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS (Applies to Redevelopment)

The following deficiencies were noted in the recordkeeping of the redevelopment department:

1. Receipts were not written for interest income earned during 2006 totaling \$43,084.24.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

2. Bank reconcilements were not presented for audit for the period of July 2006 to December 2006. Reconciliation of bank balances, during the audit, determined an unidentified amount of \$289.57 was needed to balance to the records. Failure to properly reconcile allows errors to occur and to go undetected for long periods of time which may be difficult to find and correct.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

3. The department has outstanding checks dating back to 2001 in the amount of \$550.91. Old outstanding check in excess of two years old should be receipted back to the records and removed from the outstanding list.

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

Indiana Code 5-11-10.5-3 states in part: "Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

Indiana Code 5-11-10.5-5(a) states: "Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks."

BANK ACCOUNTS (Applies to Redevelopment)

The redevelopment department provided bank statements for two accounts for a total balance of \$505,798 at December 31, 2006. Further review determined these bank accounts were in existence in 2005 but were not presented for the 2005 audit. One account was established as the result of a repayment of a loan to the Redevelopment operating account from the Falls Landing TIF District. The second account was established when the department received an insurance check on the Ken Ellis Building. Receipts were not written and checks were not issued for transactions pertaining to these accounts. The transactions were not recorded in the ledger of the department.

CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONDITION OF RECORDS (Applies to City Court)

The following deficiencies relating to the recordkeeping that were cited in prior Report B25590 were again present during our period of audit:

1. Record balances were not always reconciled to depository balances during the audit period. Additionally, monthly reconcilements to date have not been performed for 2007.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible officials or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

2. There were a considerable number of posting errors. These errors included checks and receipts not recorded in the proper amounts and balances not carried forward properly in the cash book.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

3. We noted some transactions were not included in the records. These items included \$4,930 in deposits not receipted, disbursements of \$338 that were not recorded, and bank charges of \$25.50 that were not recorded. Additionally, to date, disbursement transactions during 2007 have not been posted.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 4)

SUBSIDIARY TRUST LEDGER (Applies to City Court)

Total trust items in the Subsidiary Trust Ledger exceeded the trust balance in the City Court Cash Book by \$4,545.79.

The total of all unpaid items as shown by the trust fund register must agree to the balance in trust as shown by the court cash book. (Accounting and Uniform Compliance Guidelines Manual for City and Town Courts, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERPAYMENT OF CASH BOND (Applies to City Court)

In April of 2004, the Clark County Sheriff's office received a cash bond from Gracie Casillas in the amount of \$250. However, the receipt was written for \$2,500 instead of the \$250 actually received. When the bond was transferred to the City Court from the Sheriff's office, a note was attached to the documentation indicating the mistake that had been made on the amount of the receipt. When Gracie Casillas went to City Court to claim the cash bond in November of 2004, the Court Clerk disbursed from the trust ledger the amount of \$2,500 as stated on the receipt. A case was filed against Gracie Casillas to refund the overpayment to the City Court in the amount of \$2,225. The case history from the City Court records indicates that restitution in the amount of \$2,225 is to be made in payments of \$50 bi-weekly.

A review of the case history shows that, as of August 20, 2007, no bi-weekly payments had been received since July 19, 2006. The balance remaining to be collected as of August 20, 2007, is \$1,885.

Governmental units should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RECEIPTS NOT DEPOSITED (Applies to City Court)

During the prior audit it was noted that receipts from October 5, 2005 to October 11, 2005, totaling \$7,324 were not deposited. The former City Court Clerk, Christy Herchenrader, admitted to diverting the deposit for personal use. On July 13, 2007, she pled guilty to Theft (a Class D felony) in Clark County Superior Court 3 and was ordered to pay restitution in the amount of \$7,324. As of August 20, 2007, the City has not received any restitution.

The status of these proceedings will be reviewed by the State Board of Accounts during a subsequent audit of the City Court. In the event the court ordered repayment plan is not being followed, we may request a full refund of all monies still due from the responsible person.

CITY OF JEFFERSONVILLE
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 5-13-14-3 states: "A public officer who knowingly fails to deposit public funds . . . except in the manner prescribed in this article, commits a Class B Felony. The public officer also is liable upon the officer's official bond for any loss or damage that may occur."

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF JEFFERSONVILLE, CLARK COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Jeffersonville (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 7, 2007

CITY OF JEFFERSONVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program	14.228	CF-03-130 CF-05-226	\$ 27,247 99,635
Total for program			126,882
Community Development Block Grant/ Economic Development Initiative	14.246	B-04-SP-IN-0244	198,820
Total for federal grantor agency			325,702
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Grant	20.205	STP-BIKE (050) STP-9910029 DES #0400427 CM-9910(20) DES #0012600	1,000,000 5,212 21,287
Total for program			1,026,499
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600	FY2006	17,792
Total for federal grantor agency			1,044,291
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management Congressionally Mandated Projects	66.202	XP-96546001-0	82,019
Total federal awards expended			\$ 1,452,012

CITY OF JEFFERSONVILLE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Jeffersonville (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2006:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2006</u>
Highway Planning and Construction Grant	20.205	<u>\$ 1,000,000</u>

CITY OF JEFFERSONVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF JEFFERSONVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF JEFFERSONVILLE
EXIT CONFERENCE

The contents of this report were discussed on November 7, 2007, with Robert L. Waiz, Jr., Mayor; Suzy Bass, Chief Deputy Clerk-Treasurer; Les Merkley, City Attorney; Barbara Hollis, First Deputy Clerk-Treasurer; and Keith Fetz, President of the Common Council.